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Proposed programme budget for the biennium 2004-2005

Pattern of conferences

Improving and modernizing the conference facilities at the United Nations Office at Nairobi in order to accommodate adequately major meetings and conferences

Report of the Secretary-General*

Summary

In its resolutions 55/222, 56/242 and 57/283 B, the General Assembly requested the Secretary-General to consider improving and modernizing the conference facilities at the United Nations Office at Nairobi in order to accommodate adequately major meeting and conferences.

The review undertaken by the Secretariat in response to those requests indicated a pressing need to modernize the United Nations conference facilities in Nairobi, as they no longer meet the needs of the institutional clients of the United Nations Office at Nairobi, namely, the United Nations Environment Programme (UNEP) and the United Nations Human Settlements Programme (UN-Habitat). The proposed modernization, the cost of which is estimated at $3,479,000, would allow the United Nations Office at Nairobi to address urgent upgrading problems, fulfil current meeting standards and increase seating capacity through a rationalization of space, and thus to serve adequately the UNON institutional clients. The General Assembly is requested to authorize $3,479,000 for the modernization of the conference centre, to be financed from: (a) resources already proposed under section 33 of the proposed programme budget for the biennium 2004-2005 in the amount of $1,427,000; (b) uncommitted resources available in the construction-in-progress account in the amount of $913,000; and (c) an additional provision of $1,139,000 to be authorized under the terms of resolution 42/211 and its annex, governing the use and operation of the contingency fund.

* The issuance of the report was delayed due to the need to complete consultations within the Secretariat on possible options to address the concerns of the General Assembly as expressed in its resolution 57/283 B.

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The review showed that the modernized conference facilities could fully meet the requirements of the Governing Councils of UNEP and UN-Habitat. However, those facilities may still not have sufficient seating capacity to serve major United Nations system conferences at Nairobi. The possibility of constructing three additional conference rooms was also considered, at a cost of $4,228,800. Bearing in mind the occasional nature of major United Nations system meetings taking place at Nairobi over the last few years, the Secretariat is of the view that the issue of the construction of the additional conference rooms should be reviewed at a later stage in the light of experience to be gained from operating the modernized conference facilities in 2006 and 2007.

I. Introduction

1. In its resolutions 55/222 of 23 December 2000 and 56/242 of 24 December 2001, the General Assembly requested the Secretary-General to consider improving and modernizing the existing conference facilities at the United Nations Office at Nairobi in order to accommodate adequately major meetings and conferences. In its resolution 57/283 B of 15 April 2003, the General Assembly noted with concern that the severe constraint of adequate conference facilities at the United Nations Office at Nairobi posed a serious challenge for any further increase in their utilization and reiterated its request to the Secretary-General, contained in resolution 56/242, to consider improving and modernizing them.

2. A review of possible options to address the concern expressed in the above-mentioned resolutions was undertaken by the Secretariat, including measures to increase the seating capacity and improve the technological and physical condition of the existing facilities. In addition, the possibility of further expanding the conference facilities at the United Nations Office at Nairobi has been considered.

II. Review of requirements for conference facilities at the United Nations Office at Nairobi

3. The Nairobi duty station is the headquarters of the United Nations Office at Nairobi and two United Nations programmes, the United Nations Environment Programme (UNEP) and the United Nations Human Settlements Programme (UN-Habitat). It also houses a number of regional offices of United Nations specialized agencies, such as the International Civil Aviation Organization, the United Nations Development Programme, the United Nations Educational, Scientific and Cultural Organization, the United Nations Children's Fund, the World Food Programme, the United Nations Office for Project Services, the United Nations Political Office for Somalia, as well as country offices of United Nations organizations. In total, 53 offices of the funds, programmes and agencies of the United Nations system, with a total of more than 2,400 staff, have operations in Nairobi. As a result, the duty station is the site of important global and regional meetings.

4. The United Nations compound in Nairobi is located on 140 acres of land and consists of 19 office blocks, accommodating approximately 1,800 personnel. There are 23,139 square metres of office space and 9,251 square metres of common or miscellaneous areas (conference rooms, PABX room, training rooms, computer labs, clinic, etc.) of which the conference centre occupies 4,750 square metres. The present conference servicing capacity of the United Nations Office at Nairobi comprises eight conference rooms with a total seating capacity of 1,439 (see annex I).

5. The continuing increase in the number of United Nations system organizations and their staff at the compound results in an ever-increasing demand for meeting rooms and conference facilities. Over the last four years, the number of meetings held at the United Nations Office at Nairobi conference centre has increased by 18 per cent, and it is expected to increase further in the biennium 2004-2005, by another 5 per cent. Among those meetings are major recent conferences, such as the eleventh Conference of the Parties to the Convention on International Trade in Endangered Species of Wild Flora and Fauna (April 2000), the fifth Conference of the Parties to the Convention on Biological Diversity (May 2000), regular sessions

of the UNEP Governing Council and the Commission on Human Settlements (the Governing Council of UN-Habitat) and the second session of the preparatory committee for Istanbul + 5 (February 2001). Detailed statistics on the actual and projected meeting workload are contained in annex II to the present report.

6. The current conference facilities were constructed in 1983, during the second phase of development of the United Nations Office at Nairobi. The conference area was equipped at that time with analog sound systems, which are largely outdated and require urgent upgrading, as spare parts are no longer available. The review showed that the analog sound equipment requires replacement by modern technology-based audio systems, complemented with digital video presentation facilities. The lighting and acoustics of the conference rooms are very poor and require improvement. Conference rooms have problems with outside noise, and, as there is no means of regulating temperature, become, depending on the season, hot or cold.

7. In terms of meetings accommodation, the seating capacity and versatility of the conference centre no longer meet the requirements of the UNON institutional clients, namely, UNEP and UN-Habitat, for which they were initially constructed, due to the large number of participants from non-governmental organizations now attending meetings. The participatory character of United Nations meetings, with the substantial representation of non-governmental organizations, a great number of parallel events and regional group consultations, as witnessed in the last few years, cannot be accommodated within existing facilities. The total capacity requirements for participants in the major conferences referred to in paragraph 5 above were typically from 1,500 to 2,000. Those conferences could be fully serviced only at considerable extra cost, by renting interpretation and other meeting equipment, tables and chairs and by converting all vacant or temporarily unused offices and meeting spaces at the United Nations complex into official meeting rooms. Furthermore, to meet the demand for additional meeting rooms, all materials of the United Nations library in Nairobi and of the documentation and reference centre were temporarily relocated, and the library space was converted into offices, a business centre, press facilities and meeting rooms. Moreover, offices and meeting rooms of international organizations located in Nairobi outside the compound had to be rented. Also, tented structures were erected to accommodate the demand for meeting space for non-governmental participants.

8. The present conference facilities can provide for a major meeting with six-language interpretation services only in Conference Rooms 1 (436 participants) and 2 (528 participants). Room 2 can be combined with Conference Rooms 3 and 4 (188 participants each), but Rooms 3 and 4 can accommodate only four-language interpretation services. Four smaller rooms, with a capacity of 15 to 28 participants, which are in greatest demand for daily events, including regional group consultations, have inadequate seating capacity and are unable to accommodate interpretation requirements. The existing configuration of the rooms is not flexible enough to meet the changing requirements of the client offices.

9. The offices adjacent to the conference rooms, previously dedicated to the secretariats, officials and organizers of the hosted meetings, are currently occupied by the newly created Interpretation Section of the Division of Conference Services and by staff of other United Nations organizations, due to a general shortage of office space in the complex. This has reduced the office space available for conference-related staff in the conference area.

10. Given the requirements of client offices and the physical condition of the present conference structures, there is a pressing need to modernize the United Nations conference facilities at Nairobi. The modernization would allow the United Nations Office at Nairobi to address urgent upgrading problems and to fulfil current meeting standards, in terms of scope and quality of services and increased seating capacity. As a first step in that modernization, a full renovation of Conference Rooms 1, 5, 6, 7 and 8 is required. The modernization would include the installation of modern simultaneous interpretation equipment and upgrading of the sound, air-conditioning and data-distribution systems. In the next step, the issue of seating capacity could be addressed by rationalizing the use of space and combining Conference Rooms 2, 3 and 4. These measures would increase the existing capacity by some 300 seats and create a large new conference room with 1,200 seats and six-language interpretation services. That conference room could then meet the requirements of plenary meetings of the Governing Councils of UNEP and UN-Habitat.

11. While, after the modernization, the existing conference capacity of the United Nations Office at Nairobi could by and large meet the demand for services, that capacity may still be insufficient for major conferences with a large number of parallel meetings and more than 1,700 participants, such as the eleventh Conference of the Parties to the Convention on International Trade in Endangered Species of Wild Flora and Fauna, held in 2000. A review of possibilities for further expansion of the conference facilities through the construction of additional conference rooms has also been undertaken, bearing in mind the above-mentioned requirements. It has been estimated that in order to meet such requirements an additional 4,026 square metres would be required, including 2,496 square metres of conference rooms, 990 square metres of necessary passages and 540 square metres of associated office space facilities. These additional conference facilities would include two new conference rooms (A and B, 676 square metres and 684 square metres respectively) and a modular conference area (C) of 1,136 square metres, which turn could be divided into four medium-sized conference rooms. These conference rooms would also be equipped with modern interpretation and data-processing equipment and provide adequate working conditions. The seating capacity of these additional structures is estimated at 1,200. Combined with the capacity of the existing upgraded structures, that would bring the total seating capacity of the United Nations Office at Nairobi conference facilities to 2,939. The additional structures could be built on top of the roof slab of the existing buildings and be interconnected by covered walkways. The overall aesthetics, accessibility and communication with the existing conference facilities are supportive of this option. For illustrative purposes, the location of the additional conference facilities within the compound can be seen in annex III.

III. Preliminary cost estimates

12. The options outlined above appear to be the most practical solution to address the problem of the current inadequate conference space available in Nairobi to the United Nations organizations with operations in Kenya. It should be noted in this regard that no viable commercial alternatives are available at the duty station for meeting activities.

13. The cost of phase I of modernizing the existing United Nations Office at Nairobi conference facilities is estimated at $3,479,000. Given the demand for the conference services, the modernization of Conference Rooms 1, 5, 6, 7 and 8 has been determined to be a priority. The cost of this component of the modernization has been estimated at $1,427,000. As regards the modernization of Conference Rooms 2, 3 and 4, a further provision of $2,052,000, would be required. It is estimated that, subject to availability of funding in the biennium 2004-2005, the modernization of the existing conference facilities as detailed in paragraph 10 above could be implemented during the biennium 2004-2005.

14. As regards phase II, the construction of the additional conference facilities as detailed in paragraph 11 above, it is estimated that the cost of the construction would be approximately $4,228,800 (at current prices), as follows:

Breakdown of construction costs

(United States dollars)

Contractual services relating to detailed design plan and cost estimates	363 000
Construction of additional conference facilities, including site work, utilities connections, technology backbone, local area network/wide area network, sound and interpretation equipment, enhanced security and fire safety, back-up power, etc., at $820 per square metre	3 300 000
Other consultancy services	214 500
Project supervision	150 000
Contingency provision (5 per cent)	201 300
Total	**4 228 800**

IV. Options for implementation of the findings of the review

15. Based on the prioritization of the project components made in the course of the review, a provision of $1,427,000 has already been proposed under section 33 of the proposed programme budget for the biennium 2004-2005 for the modernization of Conference Rooms 1, 5, 6, 7 and 8 to address the most urgent requirements.

16. For the financing of the modernization of Conference Rooms 2, 3 and 4, additional funding in the amount of $2,052,000 would be required. These requirements could be financed in part from the uncommitted balance of the construction-in-progress account. That balance, as at 30 June 2003, amounted to $913,300. Given the fact that the funds allocated in 2002 for the Economic Commission for Africa and the Economic Commission for Latin America and the Caribbean construction projects will be utilized over a period of time, the overall balance of the construction in progress account continues to generate interest through investment.

17. On that basis, it is proposed to allocate an amount of $913,000 from the balance available under the construction-in-progress account as at 30 June 2003 towards the financing of the modernization of Conference Rooms 2, 3 and 4. Meeting the remaining costs, in the amount of $1,139,000, would require the identification of an additional funding source.

18. It is proposed to delegate the administrative responsibility for the implementation of the modernization of the existing conference facilities, to the Division of Administrative Services of the United Nations Office at Nairobi, which would exercise those responsibilities in close collaboration with the Division of Conference Services.

19. As regards phase II of the project, namely, the construction of the additional conference rooms A, B and C, as detailed in paragraph 11 above, the review showed, inter alia, that the use of the conference centre at the United Nations Office at Nairobi for major conferences was occasional. On the basis of the experience of recent years, it is expected that not more than one such major conference will take place at Nairobi annually; it should also be borne in mind that such conferences are usually financed from outside the United Nations programme budget. Furthermore, on the basis of current experience, it is not expected that the conference centre will be occupied by meetings more than 10 weeks a year, including meeting preparation time. On that basis, it is felt that it would be premature to propose the expansion of the facilities at this stage. The issue of the construction of additional facilities should be reviewed at a later stage in the light of experience to be gained from operating the modernized conference facilities of the United Nations Office at Nairobi. Should the General Assembly decide nevertheless to proceed with the construction, appropriate funding would be required.

V. Conclusion and recommendations

20. **The concern of the General Assembly over the availability of conference services at the United Nations Office at Nairobi, as expressed in its recent resolutions, in particular in resolution 57/283 B, and the findings of the review undertaken by the Secretariat indicate that the modernization of the conference facilities at the United Nations Office at Nairobi should be considered as a priority. In that case, in addition to the modernization component to be financed through the provision already included in the proposed programme budget for the biennium 2004-2005 under section 33 ($1,427,000) and the funding under the construction-in-progress account ($913,000), the remaining requirements for phase I of the modernization ($1,139,000) would be considered as being subject to provisions for the use and operation of the contingency fund within the meaning of part A, paragraph (b) (ii) of the annex to resolution 42/211 of 21 December 1987.**

21. **The review also indicated that the current conference facilities may not be sufficient to accommodate major United Nations system meetings and conferences at Nairobi. The construction of additional facilities could allow for further upgrading and expansion of the capacity of the United Nations Office at Nairobi to hold major United Nations system meetings or conferences. At the same time, the review indicated that the expanded facilities might not be sufficiently utilized due to the expected low frequency of such major meetings and to the overall comparatively low current utilization of conference facilities at the United Nations Office at Nairobi. Against this background, it is felt that the issue of expanding the conference facilities could be reviewed at a later stage in light of experience to be gained from operating the modernized conference facilities in 2006 and 2007.**

22. **The General Assembly is requested to authorize the modernization of the existing conference facilities at the United Nations Office at Nairobi for a total estimated cost of $3,479,000 (at current prices), to be funded from:**

(a) the proposed provision under section 33, Construction, alteration, improvement and major maintenance, of the proposed programme budget for the biennium 2004-2005 ($1,427,000);

(b) the available uncommitted balance of the construction-in-progress account ($913,000);

(c) an additional provision to be authorized under the terms of resolution 42/211 governing the use and operation of the contingency fund, in particular under the terms of part A, paragraph (b) (ii) of the annex to that resolution ($1,139,000).

23. **It is recommended that phase II of the project, namely, the construction of three additional conference rooms, be considered for implementation at a later stage, to be determined on the basis of a review conducted in accordance with the building construction procedures outlined in the report of the Advisory Committee on Administrative and Budgetary Questions of 3 November 1981 (A/36/643) and in the light of experience gained from operating the modernized conference facilities of the United Nations Office at Nairobi during the biennium 2006-2007.**

Annex I

Existing and projected conference facilities capacity at the United Nations Office at Nairobi

	Present capacity in sq. m. (and seats); and interpretation equipment	Expected capacity in sq. m. (and seats) and interpretation equipment after the project implementation
Conference Room 1	878 (436); 6 languages	same
Conference Room 2	1,043 (528); 6 languages	*
Conference Room 3	276 (188); 4 languages	*
Conference Room 4	276 (188); 4 languages	*
Conference Room 5	41 (15)	same
Conference Room 6	75 (28); 2 languages	same
Conference Room 7	70 (28); 2 languages	same
Conference Room 8	56 (28); 2 languages	same
Offices	1,393	same
Additional facilities (passages, lounge etc.)	642	same
Additional construction:		4,026
Conference Room A Conference Room B Conference Room C		1,136 (540); 6 languages 684 (330); 6 languages 676 (330); 6 languages
Offices		540
Passages		990
	TOTAL 4,750 SQ. M.	**TOTAL 8,776 SQ. M.**
TOTAL NET ADDITIONAL CONFERENCE ROOM SPACE		**2,496 SQ. M.**
TOTAL GROSS ADDITIONAL CONFERENCE ROOM SPACE **		**4,026 SQ. M.**

* In addition to the proposed upgrading of Conference Rooms 2, 3 and 4, it is anticipated that the capacity of Conference Rooms 2, 3 and 4 combined will increase to 1,200 seats (at present 904) through rationalization of the space and replacement furniture. Sound recording and interpretation will be provided in six languages.

** The construction of three additional conference rooms would provide 2,496 square metres of usable conference room space. The difference of 1,530 square metres between the total conference space and total space provided for by the construction relates to common usage space, including the necessary passages, and rationalization of additional office space in the conference area for meeting officials, secretariat and organizers.

Annex II

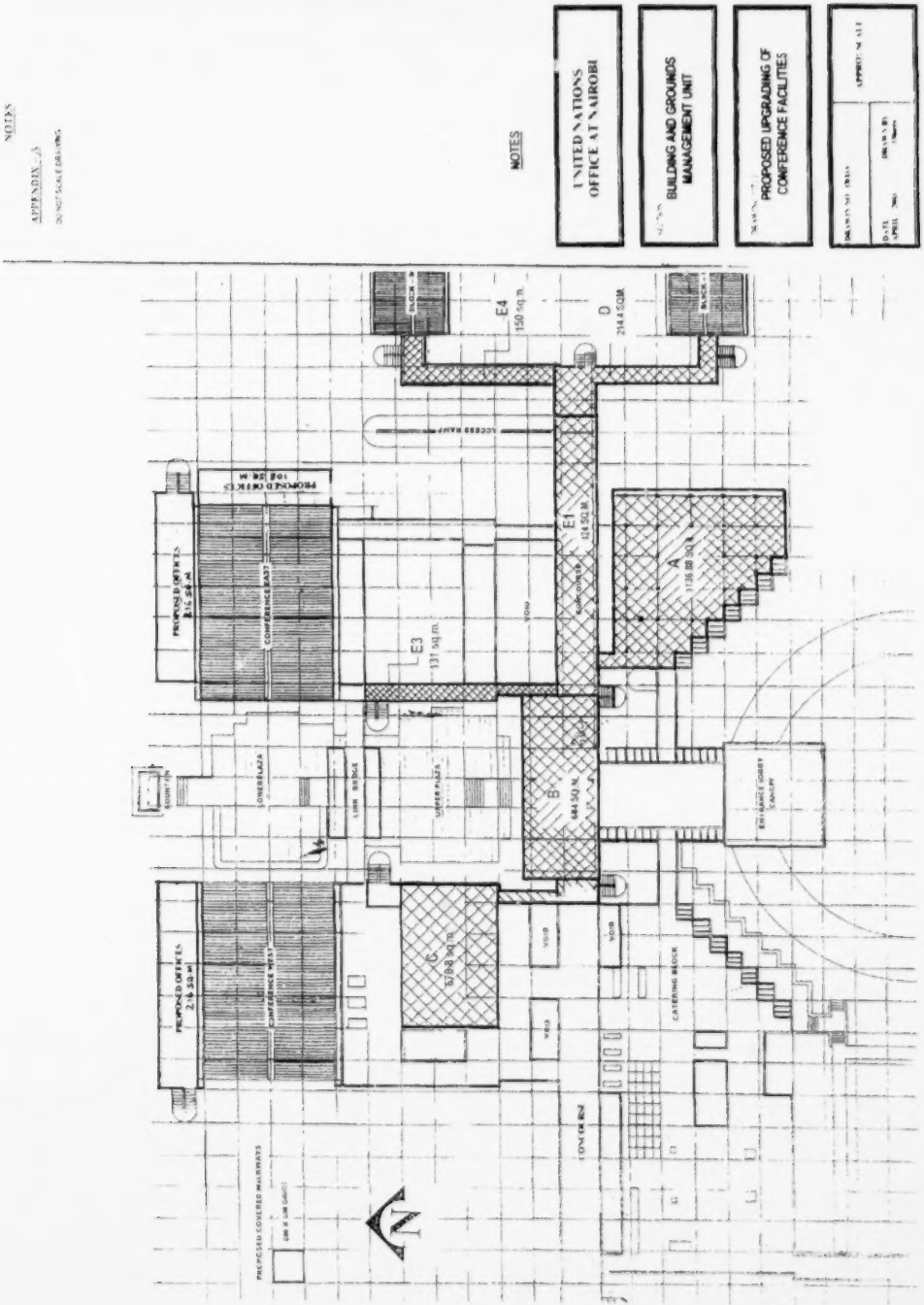
Conference services workload at the United Nations Office at Nairobi

	1998/1999	2000	2001	2002	2003	2004-05 (projected)
Calendar meetings						
With interpretation	88	21	68	30	58	92
Without interpretation						
Subtotal	**88**	**21**	**68**	**30**	**58**	**92**
Non-calendar meetings						
With interpretation	496	379	253	371	385	794
Without interpretation	1 606	617	1 111	751	1 018	1 857
Subtotal	**2 102**	**996**	**1 364**	**1 122**	**1 403**	**2 651**
Calendar and non-calendar meetings						
With interpretation	584	400	321	401	443	886
Without interpretation	1 606	617	1 111	751	1 018	1 857
Total	**2 190**	**1 017**	**1 432**	**1 152**	**1 461**	**2 743**

	1998/1999	2000	2001	2002	2003	2004-05
Meetings held in Nairobi						
With interpretation	256	206	110	206	214	441
Without interpretation	1 606	617	1 111	751	1 018	1 857
Subtotal	**1 862**	**823**	**1 221**	**957**	**1 232**	**2 298**
Meetings held outside Nairobi						
With interpretation	328	194	211	195	229	445
Without interpretation						
Subtotal	**328**	**194**	**211**	**195**	**229**	**445**
All meetings held in and outside Nairobi						
With interpretation	584	400	321	401	443	886
Without interpretation	1 606	617	1 111	751	1 018	1 857
Total	**2 190**	**1 017**	**1 432**	**1 152**	**1 461**	**2 743**

Annex III

Sketch of possible expansion of conference facilities at the United Nations Nairobi complex



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Improving the financial situation of the United Nations

Report of the Secretary-General

Summary

The present report updates the information on the financial situation of the United Nations contained in the previous report of the Secretary-General (A/57/498/Add.1). It provides a review of the Organization's financial situation at 30 September 2003 and revised projections to 31 December 2003.

The report considers three financial indicators: available cash, unpaid assessed contributions and amounts owed to Member States. Revised projections for 2003 indicate two scenarios for end-of-year cash balances for the regular budget based on the payment to be made by the major contributors and a serious cash deficit for the tribunals, with cross-borrowing for both likely to be necessary for some time. For peacekeeping accounts, it is forecast that cash will be over $1 billion at 31 December 2003. As there are restrictions on cross-borrowing from active peacekeeping missions and from the peacekeeping reserve fund, only a small part of this will be available to cover other needs. Continuing sustained progress in the financial situation of the Organization will, however, depend on Member States meeting their financial obligations to the United Nations in full and on time.

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I. Introduction

1. The present report updates the information on the financial situation of the United Nations contained in the previous report of the Secretary-General (A/57/498/Add.1). It also provides information on the financial situation of the Organization as at 30 September 2003 and projections to 31 December 2003.

2. Historically, the financial health of the United Nations has been measured by three baselines, which include unpaid assessments, cash on hand and debt owed to Member States. Underlying these elements and tying them together is the adequacy of annual assessment levels and the adequacy of actual payments against those assessments.

II. Review of the financial situation as at 30 September 2003

A. Assessments

3. Aggregate assessment levels approved by the Member States for 2003 comprise amounts applicable to the regular budget, the International Criminal Tribunals for Rwanda and the former Yugoslavia, peacekeeping and the capital master plan.

4. The aggregate assessment level at 30 September 2003 was US$ 3.9 billion. This figure may increase to over $4 billion if additional peacekeeping assessments are approved before the end of the year.

B. Regular budget

Amounts unpaid

5. The Organization must be able to rely on payment in full and on time in order to provide the predictable resource base needed to carry out all of its mandated activities. However, as of 30 September 2003, only 113 Member States had paid their regular budget assessment in full, or owe less than $25. That is only 59 per cent of the total membership.

6. Since 30 September 2003, eight other Member States have paid in full, bringing the total number of fully paid Member States to 121 as of 23 October 2003. Although the year-end figure will be higher than in 2002, when the total number of all fully paid Member States was only 117, it is still currently lower than the higher figures achieved in 2000 and 2001. The Secretary-General wishes to thank those Member States who have honoured their obligations this year.

7. At 30 September 2003, 36 Member States had made no payment whatsoever in 2003. Another 42 Member States had made only partial payments. Overall, 78 Member States had not met their agreed financial commitments for the United Nations regular budget. The financial stability of the Organization is under pressure. Receipts mean that the work of the Organization can carry on; their absence undermines that ability.

Amounts outstanding

8. Amounts outstanding for 2003 have also not improved. Of the 15 major contributors, three owed a total of $581 million and 75 others owed a total of $112 million. Unpaid regular budget assessments amount to $693 million.

Cash

9. Amounts outstanding are mirrored in the Organization's cash flow projections. Currently, for the month of October 2003, cash availability under the regular budget and related reserve accounts has become critical. There is no regular budget cash and it has become necessary to borrow from peacekeeping accounts to fund the regular budget. It is expected that it may be necessary to borrow as much as $125 million by the end of November 2003. This borrowing situation is forecast to last until some expected payments are received.

10. The United States of America has informed the Secretariat that regular budget payments of between $233 million and $341 million will be received by the end of December 2003, depending on action by the United States Congress on the current national budget. A contribution of $31 million to the regular budget from the United States was received earlier in 2003. Based on the two figures provided by the United States Mission to the United Nations, two scenarios have been prepared for the financial position of the Organization at 31 December 2003, as described below.

11. Should we receive the lower contribution figure, a negative balance of $5 million for the regular budget at the end of 2003 is projected. Should the higher number be received, the year-end cash balance would be a positive $103 million. At this point, however, only possible year-end results can be indicated.

C. Tribunals

Unpaid assessments

12. As for the two Tribunals, most Member States have not paid their 2003 Tribunal assessments in full. In fact, at 30 September 2003, 116 Member States had made no payment for their 2003 assessments or owed more than the total of their 2003 assessments, while 15 had made only partial payments. Only 60 Member States have paid their 2003 assessments in full for both Tribunals. Again, the Secretary-General sincerely hopes that Member States fulfil their obligations, especially in the light of the precarious financial situation of the Tribunals.

Amounts unpaid

13. The amounts unpaid for the Tribunals at 30 September 2003 have reached a high level of $117 million. At the same time in 2002, only $49 million was unpaid. This is the highest level of unpaid assessments in the Tribunals' history.

14. Five out of the 15 major contributors owed a total of $102 million and 126 others owed $15 million at 30 September 2003.

Cash

15. As to the cash balance, in the previous report (A/57/498/Add.1) a small positive ending cash balance was predicted of about $2 million. At this point, however, this is almost certainly too optimistic.

16. During 2003, the Tribunals have been in a negative cash position for five months out of the first 10 — in January, July, August, September and October. Unfortunately, this negative cash position is expected to continue during the next two months. Cash balances at the end of October are forecast to fall to a negative $41 million and to end the year with a shortfall of $29 million. This varies significantly from the earlier forecast of a positive $2 million.

17. These persistent shortfalls highlight the fragile financial position of the Tribunals and the need to borrow substantially from peacekeeping operations. Financial health, which is so important for stable operations, can only be restored by Member States paying their contributions in full and on time.

D. Capital master plan

Unpaid assessments

18. An assessment of $25.5 million for the capital master plan was approved by the General Assembly for 2003. As at 30 September 2003, total receipts amounted to $15 million, reflecting payment from 61 Member States; 127 Member States had made no payment whatsoever.

19. Five additional payments have been received since the end of September 2003, bringing the total number of Member States fully paid up to 66. These include China, the Marshall Islands, Slovenia, Tuvalu and the United States.

E. Peacekeeping

Unpaid assessments

20. As for peacekeeping, outstanding peacekeeping assessments at the end of September 2003 totalled $1,559 million, compared with $1,777 million on 30 September 2002. This is a positive trend, especially when this year's higher peacekeeping assessment is considered.

21. At 30 September 2003, the United States owed $732 million, the 14 other major contributors owed $464 million and all other Member States owed $363 million. In addition, a contribution from the United States of $252 million against its peacekeeping assessments was received on 20 October 2003, thus lowering its amount outstanding as well as the overall figure.

Cash

22. Peacekeeping cash was high at the beginning of the year, higher during the middle months and is projected to still be over $1.2 billion at 31 December 2003. However, not all of this cash is available for cross-borrowing to cover shortfalls in the regular budget and the Tribunals. Cash for active missions cannot be cross-

borrowed. Cash from the reserve fund can only be used for mission start-ups or missions that are expanding.

23. The only available source for cross-borrowing remains closed peacekeeping missions and cash in the closed missions is decreasing. Only minimal amounts remain to cover the deficits in the regular budget and the Tribunals. It should be recalled that $84 million was returned to Member States from closed missions in June 2003. Another $84 million is due to be returned in March 2004. If this happens, there will be no way to cover the shortfalls in other accounts.

24. Of the $1,198 million expected to be available at the end of 2003, $831 million is required for operating costs, $86 million is available in the peacekeeping reserve fund, $240 million is available in the closed missions and $41 million is owed to closed missions by the Tribunals.

25. As for the Peacekeeping Reserve Fund, amounts were used twice in the past six months to fund the start-up of two peacekeeping operations which may evolve very quickly, and when that happens we must be able to react quickly.

26. Amounts in the closed missions are expected to total $240 million at the end of 2003. Of this amount, $84 million is due to be returned to Member States in March 2004 and liabilities account for $114 million. That will leave only $42 million available to cover shortfalls that may arise in 2004 under the regular budget and the Tribunals.

27. This level of cushion for 2004 is clearly insufficient. As mentioned above, the regular budget will need to borrow $125 million and the Tribunals $41 million. The active missions borrowed another $21 million in 2003. Therefore, total borrowings from the closed missions in 2003 totalled $187 million.

28. Against this level, if there is only $42 million available in 2004, the Organization is clearly skating on thin ice. Not only can the Organization ill afford to pay the $84 million in March 2004 but a marked improvement in receipts for the Tribunals and the regular budget is also urgently needed in order to fund mandated operations.

F. Debt to Member States

29. Notwithstanding this situation, efforts are continuing to follow the Secretary-General's plan to remain as current as possible with reimbursement payments to Member States for the use of their troops and equipment.

30. At 1 January 2003, debt to Member States stood at $703 million, $135 million of which was owed for troops and $568 million for equipment. Yearly obligations were expected to be over $700 million. That amount has proven to be too high and has been revised downwards to $694 million.

31. Payments estimated to be made to Member States will be lower than forecast in the earlier report (A/57/498/Add.1) but still higher than the current year's obligations. Instead of $939 million, it is estimated that $832 million will be paid to Member States providing troops and contingent-owned equipment. To date, payments totalling $339 million in troop costs have been paid and it is planned to pay another $64 million by the end of 2003. Payments of $329 million for

contingent-owned equipment have been made and $100 million more is expected to be paid by the end of 2003, for a total payout of $832 million.

32. While the final debt total forecast at 31 December 2003 is higher than earlier predicted — $565 million against $495 million — significant progress has been made over the last several years, when debt levels were close to a billion dollars.

33. Progress can also be seen in another way. Payment of equipment debt is only nine months behind, whereas it was one year behind at December 2002. Payment of troop debt is only three months behind in several missions, whereas it was six months behind at December 2003.

34. But two areas continue to be a problem: cash shortages in the United Nations Interim Administration Mission in Kosovo, the United Nations Mission for the Referendum in Western Sahara and the United Nations Peacekeeping Force in Cyprus, and a lower number of certified claims for the United Nations Organization Mission in the Democratic Republic of the Congo, the United Nations Mission in Sierra Leone and the United Nations Mission in Ethiopia and Eritrea. In other words, in some cases in which there are certified claims there is no money to pay Member States. In others, where funds are available, claims have not been processed as fast as projected, mainly due to unsigned memorandums of understanding. These problems need to be resolved.

III. Conclusion

Unpaid assessments

35. Unpaid assessments totalled $2,380 million at 30 September 2003. For the regular budget the total was $693 million, an amount higher than in 2002. For the Tribunals, the amount was the highest ever, at $117 million; for the capital master plan, unpaid amounts totalled $11 million; for peacekeeping, unpaid amounts were lower than in 2002, at $1,559 million.

Cash

36. For the regular budget there is no cash. At the end of November 2003, cash is expected to be a negative $125 million and there is a possibility of either remaining in a deficit situation of $5 million or a positive $103 million at year-end, depending on the receipts from the major contributor.

37. For the Tribunals there is also no cash. Balances are expected to reach a low of negative $41 million at the end of October 2003 and a negative $29 million at year-end.

38. The capital master plan at end-September 2003 had a cash level of $14 million, and is expected to remain in a positive position at year-end with $17 million in cash.

39. Cash on hand at end-September 2003 for peacekeeping totalled $1,597 million, with $1,198 million forecast at year-end. As indicated above, however, much of that is not available for other financial needs.

Debt to Member States

40. Progress has been demonstrated in 2003, with debt projected to be $565 million. But the timely signing of memorandums of understanding continues to be a problem, as does the shortage of cash in a number of active missions, which delays reimbursements.

41. The Secretary-General deeply appreciates the efforts of those that have managed to pay all their assessments, including all peacekeeping assessments issued before 30 September 2003. The Secretary-General salutes them and once again calls on other Member States to meet the financial obligations that you all approved many months and in some cases years earlier.

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Third United Nations Conference on the Least Developed Countries

Participation of the least developed countries at the annual substantive sessions of the Economic and Social Council

Report of the Secretary-General

Summary

The present report is being submitted as follow-up to Economic and Social Council resolution E/2003/17 of 23 July 2003, in which the Council requested the Secretary-General to make, in consultation with Member States, recommendations to facilitate the participation of the delegations of the least developed countries at the annual substantive sessions of the Council and to report thereon to the General Assembly at its fifty-eighth session.

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1. In its resolution E/2003/17 of 23 July 2003, the Economic and Social Council requested the Secretary-General, in consultation with Member States, to submit to the General Assembly at its fifty-eighth session recommendations to facilitate the participation of the delegations of the least developed countries at the annual substantive sessions of the Council. The present report is submitted in compliance with the requests contained in that resolution.

2. The Economic and Social Council meets alternatively in New York and Geneva every year. The annual review of the progress in the implementation of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010 (A/CONF.191/11) is taken up during the Council meetings either in New York or in Geneva, as mandated by the General Assembly and the Council. To undertake an effective and quality annual review of the Brussels Programme, participation of the national focal points or other appropriate representatives of the least developed countries is crucial. Unfortunately, because of severe resource constraints most of the least developed countries are not able to send representatives from their capitals to attend Council sessions.

3. During the July 2003 session of the Economic and Social Council, the issue of securing funding for the participants of least developed countries arose and was discussed. Various views suggested included: (a) annual funding from the regular budget (b) annual funding through the establishment of a trust fund to receive extrabudgetary resources. Additionally, the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States was invited to express his views on the issue of funds for participation of the least developed countries at the Council sessions of the implementation of the Brussels Programme.

4. The least developed countries, the intended beneficiaries of these measures, would prefer that the resources needed to ensure their full participation in sessions of the Council come from the regular budget.

5. It will be recalled that the need to ensure effective and active participation by the least developed countries at the General Assembly has long been recognized and addressed by the General Assembly in resolution 1798 (XVII) of 11 December 1962 and subsequent resolutions, which govern the payment of travel expenses under the regular budget of the United Nations, and provide that travel be paid for not more than five representatives of each Member State designated as a least developed country attending a regular session of the General Assembly.

6. A review of the usage of the provision mentioned in paragraph 5 revealed that the 49 least developed countries are not taking full advantage of their entire entitlements. The data shows that between 1999 and 2002, when a yearly total of 245 tickets was available for least developed countries, on average only about 170 tickets were utilized, representing on average less than 4 tickets per delegation. Detailed data is provided below.

	1999	*2000*	*2001*	*2002*
Number of countries using 5 tickets/total tickets	26/130	32/160	22/110	25/125
Number of countries using 4 tickets/total tickets	4/16	6/24	9/36	8/32
Number of countries using 3 tickets/total tickets	1/3	0/0	4/12	2/6
Number of countries using 2 tickets/total tickets	2/4	0/0	2/4	3/6
Number of countries using 1 ticket/total tickets	2/2	1/1	2/2	3/3
Number of countries not availing themselves of their entitlement	14/0	10/0	10/0	8/0
Total tickets issued	**155**	**185**	**164**	**172**

7. The Secretary-General has reviewed the matter further and was able to identify other possible courses of action in addition to the proposals made already during the discussion on this matter during sessions of the Economic and Social Council.

8. On the basis of the data available consideration could be given to allocating one of the five air tickets presently provided annually to the least developed countries to participate in the General Assembly sessions, to attend the yearly session of the Economic and Social Council, now that the Council has been entrusted with the review of the Brussels Programme of Action on a yearly basis.

9. Alternatively, the aggregate number of unused tickets could be set aside and remain available from which each delegation could request one ticket to attend the Economic and Social Council.

10. Based on the foregoing analysis, the following four options are thus available:

(a) The General Assembly could decide that those tickets currently authorized for attendance at sessions of the Assembly that remain unused, will be kept in escrow for use on a first come, first served basis for delegations of least developed countries to participate in Economic and Social Council sessions;

(b) The General Assembly could decide to provide one ticket each to delegations of least developed countries to attend Economic and Social Council sessions from within existing resources by reducing the current allocation of five tickets to cover the annual Assembly debate to four, with the remaining ticket set aside for each delegation to attend Council sessions;

(c) The General Assembly could authorize one additional ticket for each least developed country delegation to attend Economic and Social Council sessions. The associated additional resources requirements under the regular budget would be in the order of $196,000 for Council sessions in New York and $145,000, at present rates, for Geneva sessions;

(d) The General Assembly could decide to establish a trust fund and invite Member States to make voluntary contributions to cover the travel expenses of one least developed country member each to the Economic and Social Council sessions.